



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 3
AGENDA DATE: 12/7/2006
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SUBJECT: Authorize an amendment to the Rental Housing Development Assistance Program Loan Agreement with the GUADALUPE NEIGHBORHOOD DEVELOPMENT CORPORATION in compliance with applicable federal regulations, including Title 24 Code of Federal Regulations Section 85.40 performance goals, by increasing the loan amount by \$35,000 for a total loan amount not to exceed \$395,000 for the development of seven affordable rental housing units in the Guadalupe Neighborhood

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2006-07 Austin Housing Finance Corporation Budget allocation under the Rental Housing Development Assistance Program. Loan proceeds are anticipated to consist of HOME-Community Housing Development Organization (CHDO) funds.

FISCAL NOTE: N/A

REQUESTING
DEPARTMENT: Austin Housing Finance Corporation

DIRECTOR'S
AUTHORIZATION: _____

FOR MORE INFORMATION CONTACT: Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108

PRIOR BOARD ACTION: N/A

BOARD AND COMMISSION ACTION: Authorized a Rental Housing Development Assistance Program loan in an amount of \$360,000 to the Guadalupe Neighborhood Development Corporation December 16, 2004

In September 2006, the Guadalupe Neighborhood Development Corporation (GNDC) completed the construction of six affordable rental housing units for low- and moderate-income families in the Guadalupe Neighborhood. The newly constructed units are located at 1003-A Lydia, 1003-B Lydia, 907 Spence, 1009 East 10th Street, 809 San Marcos and 2320 Santa Rita. The project was completed with financing from the Rental Housing Development Assistance (RHDA) program, private lender funds, and owner equity in the form of GNDC-owned land.

Following Board approval, the RHDA Program loan previously executed will be amended by increasing the loan amount by \$35,000 for a total loan amount not to exceed \$395,000 for the development of a seventh affordable rental housing unit located at 303 San Saba. The loan, as amended, will continue to be a deferred- payment forgivable loan, in an amount not to exceed

\$395,000 for a term of 20 years at zero percent interest. Principal and interest will be forgiven at the end of the 20-year loan term contingent upon GNDC meeting the conditions of the loan agreement.

The property located at 303 San Saba was acquired by the GNDC approximately two years ago for the future development of affordable housing. The additional unit as proposed will be a single-family, three-bedroom/two-bath unit for a family with a yearly income of no more than 60 percent of the Austin area's median family income (MFI - currently \$42,650 for a family of four). The anticipated rent is approximately \$575 per month not to exceed 30 percent of the households' adjusted monthly income in accordance with tenant-paid utilities.

The project was initially received in response to the Rental Housing Development Assistance (RHDA) program's Notice of Funding Availability (NOFA) that provides financial assistance for the development of affordable rental housing for low- and moderate-income households and persons with special needs. The additional rental unit will be developed in accordance with S.M.A.R.T. Housing™ standards, RHDA program guidelines, and applicable local and federal environmental review and fund release requirements. Estimated sources and uses of funds for the total seven-unit project, as amended, are as follows.

<u>Sources:</u>		<u>Uses:</u>	
RHDA (Prior Financing	\$ 360,000	Construction	\$ 530,000
RHDA (Current Amendment)	35,000	Land value	180,000
Owner equity	180,000	Soft costs	<u>40,000</u>
Private financing	<u>175,000</u>		.
Total	\$ 750,000	Total	\$ 750,000

Performance measures, as amended, associated with the project are as follows:

- 1 Develop one affordable rental housing unit in addition to the six previously completed units for families with yearly incomes not to exceed 60 percent of the Austin area's MFI.
- 2 Provide a minimum of one unit accessible for persons with mobility disabilities, and one unit for persons with hearing and vision disabilities.

GNDC is a non-profit 501(c)(3) organization certified by the City of Austin as a Community Housing Development Organization (CHDO). The GNDC was established in 1981 to provide affordable housing for low- and moderate-income families residing in the Guadalupe neighborhood. Since 1981, the GNDC has developed approximately 126 units of affordable housing, including 42 units of rental housing that the GNDC currently owns and operates.

The requested funding is available in Fiscal Year 2006-07 AHFC's budget allocations, and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs